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Great Britain Tariff
Commission

Preference in relation to
the trade between the...

[London]

[1906]

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THE TARIFF COMMISSION.

Preference in relation to the trade between the United Kingdom and Canada.

The following brief statement is based upon the official returns of the United Kingdom, Canada and the United States, and the oral and written evidence of British and Irish witnesses and firms who have trade relations with Canada. Sources of Information.

The official returns of the three countries mentioned above have been thoroughly analysed for as long a period as the classification adopted from time to time affords a suitable statistical basis for comparison. Every article or group of articles which enters into the commerce of Canada been separately dealt with and the figures carried back to a period anterior to 1897, so far as this is possible from the nature of the returns. These returns have also been further analysed so as to distinguish between imports which are free and those which are dutiable; between imports under the general, the reciprocal and the preferential tariff respectively; and diagrams representing the various groups of commodities have then been made with the view of bringing out clearly the nature of the changes which have taken place in respect to the various groups. It is of course impossible to reproduce in this statement the mass of figures and the numerous diagrams so prepared, but the following is a brief summary of the salient features disclosed.

The main conclusions demonstrated by the facts and figures are:—

Main Conclusions.

- (1) That during the last 20 years the tendency has been for Canada to depend in an increasing degree upon the United Kingdom for the disposal of her products, and upon the United States for the supply of those materials and manufactures which she is unable to provide for herself, and which could to a very large extent be supplied from the United Kingdom.
- (2) That, largely as the result of keen United States and German competition in the Canadian market, the exports of British manufactures to Canada declined rapidly and steadily until about 1897, when the Preference was first adopted, and that since 1897 this decline has been turned into a substantial and continuous increase.
- (3) That, although the Preference has been followed by a substantial and continuous increase in Canadian purchases of British manufactures, the British share of the Canadian market is increasing at a lesser rate than the share of the United States and other foreign countries, both as regards dutiable and free goods.
- (4) That in the opinion of British manufacturers and merchants giving evidence, the most effective means of increasing the British share of the Canadian market lies in an enlargement of the Preference along the lines of the resolutions of the Colonial Conference, and the declarations of Canadian Ministers.*

* Sir Wilfrid Laurier (September 28th, 1905) said:—"My vindication of the Preference policy was given in the heart of the Empire at London at the Colonial Conference when I declared that I and my colleagues were ready to make a trade treaty. We said that we are ready to discuss with you (British Ministers) articles on which we can give you a Preference and articles on which you can give us a Preference. We are ready to make with you a treaty of trade."

Imports into
Canada.

(A) THE GENERAL COURSE OF CANADIAN TRADE.

The following tables show briefly the course of Canadian trade, 1884-1904 :—

TABLE I.—IMPORTS INTO CANADA.
PERCENTAGE DERIVED FROM DIFFERENT SOURCES.

ORIGIN.	1884.	1894.	1904.
United Kingdom	40·1	34·2	24·6
The rest of the Empire	3·1	2·5	4·4
Total Imports from the Empire ..	43·2	36·7	29·0
United States	46·7	46·9	60·0
Other foreign countries	10·1	16·4	11·0
Total from foreign countries	56·8	63·3	71·0

The imports into Canada from the British Empire have thus fallen from 43·2 % to 29 % in the last 20 years, or from rather less than 37 % to 29 % in 10 years. On the other hand the imports from foreign countries have risen from nearly 57 % in 1884 to 71 % in 1904.

The imports into Canada from the United Kingdom have fallen from 40·1 % in 1884 to 24·6 % in 1904 or by nearly 10 % in the period 1894-1904.

On the other hand the imports into Canada from the United States rose from 46·7 % in 1884 to 60 % in 1904 or by more than 13 % in the period 1894-1904.

Of "other foreign countries" the imports from Germany into Canada increased from an inconsiderable amount in 1884 to 12·2 million dollars or more than 5 % of the total import trade in 1903; imports from Germany, however, rapidly declined on the imposition of the Canadian surtax, and in 1904 were only 8·1 million dollars or 3·2 % of the total imports of Canada.

Exports from
Canada.

TABLE II.—EXPORTS FROM CANADA.
PERCENTAGE TO VARIOUS DESTINATIONS.

DESTINATION.	1884.	1894.	1904.
United Kingdom	46·9	58·5	55·4
The rest of the Empire	4·8	5·0	5·7
Total exports to British Empire ..	51·7	63·5	61·1
United States	43·0	31·6	33·7
Other foreign countries	5·3	4·9	5·2
Total for foreign countries	48·3	36·5	38·9

The exports from Canada to the British Empire rose from 51·7 % in 1884 to 63·5 % in 1894 and then fell to 61·1 %. On the other hand the exports from Canada to foreign countries fell from 48·3 % in 1884 to 36·5 % in 1894 and then rose to 38·9 %.

The exports from Canada to the United Kingdom increased from 46·9 % to 58·5 % from 1884-1894, and then declined to 55·4 % in 1904.

On the other hand the exports from Canada to the United States declined from 43 % to 31·6 % from 1884 to 1894, and then increased to 33·7 % in 1904.

It thus appears that in the Canadian import trade, as a whole, the United Kingdom is rapidly and steadily losing ground in comparison with foreign countries, especially the United States, and in the export trade of Canada, the hitherto continuous progress of the United Kingdom has been checked.

(B) FREE IMPORTS AND DUTIABLE IMPORTS INTO CANADA.

The accompanying diagram shows the relation between free and dutiable goods imported into Canada. It will be seen that a great expansion has taken place in both classes since 1890, that expansion being especially rapid since 1897. It is, however, only in relation to dutiable imports that the British preference has been directly operative.

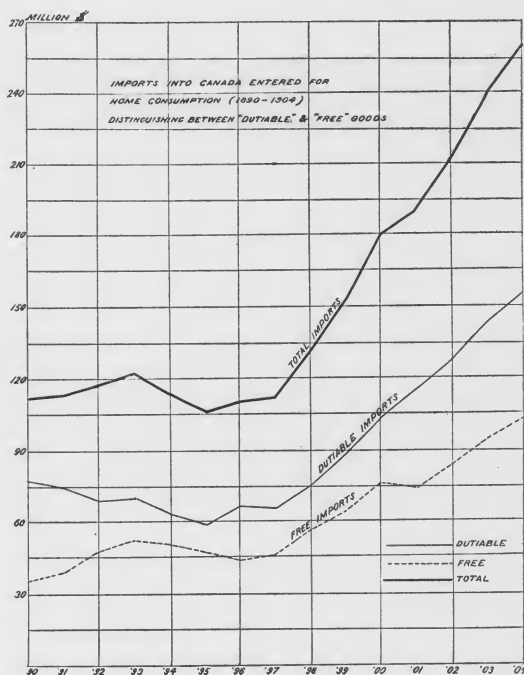


Fig. 1.

Free and Dutiable Imports into Canada.

The accompanying diagram shows the percentage of imports from the several countries subject to duties. It will be seen that from 73 to 75 % of the imports from the United Kingdom and from 53 to 58 % from the United States are dutiable in Canada.

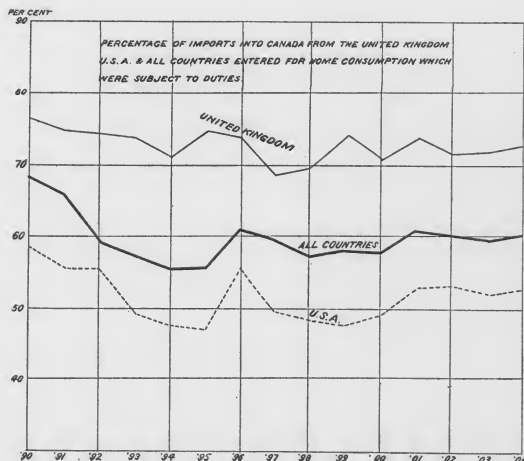


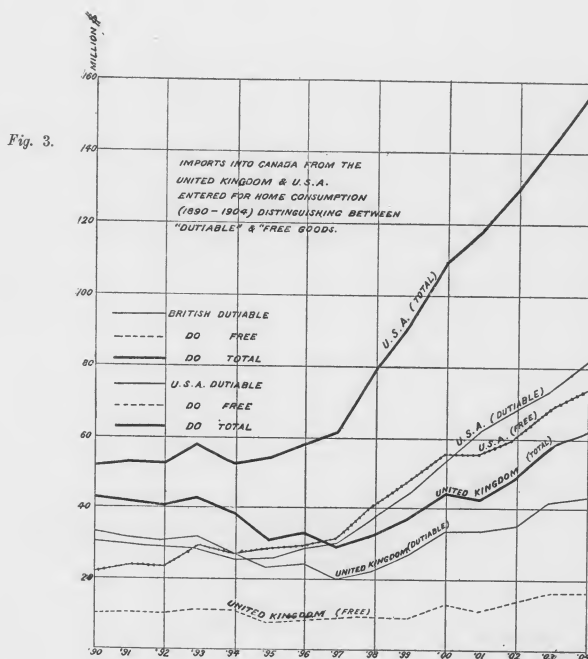
Fig. 2

Distribution of Canadian Imports.

Tendencies before and after Preference.

If we now take the actual figures instead of the percentages of free and dutiable imports into Canada from the United Kingdom and the United States respectively, the following diagram shows the variations which have taken place.

It will be seen that in the case of the United States there is a practically continuous rise from 1890 both in free and dutiable imports. On the other hand, in the case of the United Kingdom, free imports were stagnant till 1899 and since then have shown a slight tendency to rise; while in regard to dutiable imports, British trade was declining until 1897, and since that year has steadily and rapidly increased.



(C) THE OPERATION OF THE PREFERENCE.

Analysis of Imports into Canada.

We can now further analyse the dutiable imports into Canada with the view of showing clearly the operation of the existing preference. For this purpose the classification adopted in the returns make it possible to divide these imports into 75 groups for graphic treatment, showing not only the actual imports from the United Kingdom and foreign countries respectively, but the percentage which the imports from these countries bears to the total imports of each commodity

or group of commodities into Canada. The following diagram illustrates the method employed:—

Although the benefits of preference are by no means evenly distributed over the various industries, and in some cases manufacturers have only recently been able to take advantage of their improved position in the Canadian market; while in others United States competition, under the present tariff classification, has nullified the advantages given, nearly all branches of British trade with Canada have gained under preference in a greater or less degree.

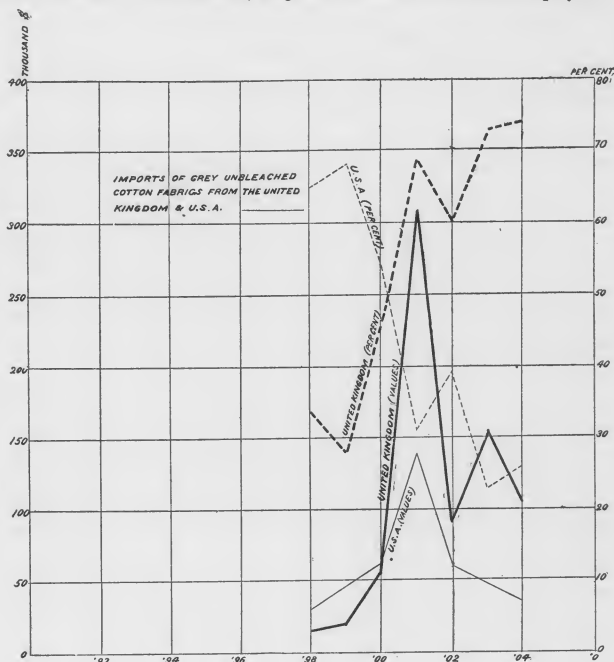


Fig 4.

Of all British industries the Textiles have made the greatest advance under preference and hold a stronger position in the Canadian market than any other group of manufactures. The accompanying diagram dealing with Canadian imports from the United Kingdom distinguishes between Textiles (cotton, wool, silk, lace, hosiery, flax, hemp, jute, carpets, &c.) and other dutiable goods, and shows the percentage of Textiles to Canada's total dutiable imports from the United Kingdom. It will be seen at once that both textile and other dutiable imports from the United Kingdom were rapidly declining until 1897; that in both classes there has been a remarkable increase since that year; and that textiles have risen from about 37 % to nearly 45 % of the total.

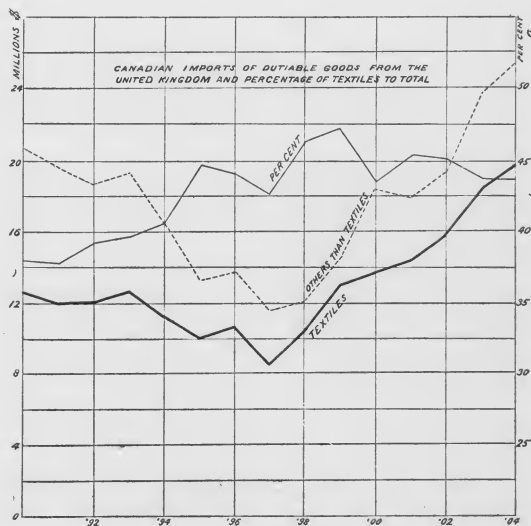


Fig 5.

**Trades in which
Preference has had
small effect.**

The weakest position in the Canadian market is at present held by the following and similar British industries :—

AGRICULTURAL IMPLEMENTS AND MACHINES, where the United States has a virtual monopoly of the import trade into Canada.

MACHINERY (*Portable Machines and Parts*).—The United Kingdom has only 5 % of the import trade and the percentage is declining.

TOOLS AND IMPLEMENTS (*Hand or Machine*) AND SAWS.—The trade of the United Kingdom is small and at present relatively declining.

RAILWAY AND PASSENGER CARS.—The United States monopolises the import trade.

COPPER MANUFACTURES.—The United States has 96 % of the import trade. British trade showed a tendency to increase from 1902, but this has not been maintained.

Boots and Shoes.—The United States has at present a monopoly of the import trade. In some industries the United States has for years had a monopoly of the trade, but the United Kingdom has recently shown marked signs of progress. This is the case with the important industries summarised under *Electrical Apparatus*.

There are some groups of dutiable imports in which considerable fluctuations occur, the British figures increasing when those of foreign countries are diminishing and *vice versa*. This is the case with *Wrought Iron or Steel Tubing*, in which the United States has at present 85 % of the import trade ; with *Canada Plates, Russian Iron, Galvanized Sheets, Iron Plates and Tin Plates*, in which, after many fluctuations, United States imports have recently been increasing ; with *Cotton Embroideries*, in which British trade, both in values and percentages, increased till 1902, but there has since been a rapid development of Swiss trade followed by a corresponding decline in the relative position of the United Kingdom.

**Trades which have
benefited largely
by Preference.**

In the following industries considerable benefit has on the whole been derived from preference, in most cases not only in regard to the aggregate value of the trade, but also in the percentage of British to total imports into Canada of the respective groups :—

IRON AND STEEL.—In *Pig Iron* the imports from the United Kingdom rose from about 8 % in 1899 to 57 % in 1904 of the total imports into Canada. In *Ingots, Blooms and Slabs* benefit has been derived from preference, but there has been great competition, accentuated by dumping, from the United States and Germany. This has led to considerable fluctuations. In *Castings* the United States has 90 % of the import trade, but British trade has increased since 1900. In *Bar Iron or Steel, Rolled Angles, Tees and Beams, Railway Fish and Tie Plates, Sheets and Plates, Nuts and Bolts, &c.*, there has been on the whole an increase both in the values and percentages of British trade. In *Wire (single or strands, covered or uncovered)* there was a decline in British values and percentages from 1897 to 1900 and a rapid increase in the trade of the United States. Since 1900 the process has been reversed. In *Wire (other kinds)* the increase of British trade has been rapid and continuous since 1898.

LOCOMOTIVES, STEAM ENGINES AND BOILERS.—The United States has almost a monopoly of the import trade in *Locomotives*, but British trade has increased in recent years. British trade with Canada in *Steam Engines and Boilers* is small, but increasing compared with that of the United States.

MISCELLANEOUS METAL TRADES, HARDWARE, CUTLERY, JEWELLERY, &c.—In *Lead* (old scrap, pig and block, bars and sheets) there was a rapid decline of British trade till 1894, but in recent years an increase, and the United Kingdom now has 80 % of the import trade. The United States has more than 80 % of the import trade in *Brass Manufactures*, but in recent years the United Kingdom has shown a tendency to recover the position of 1890. In *Hardware*, the United States trade with Canada rapidly increased till 1903, and it is still nearly 80 % of the whole ; but British trade has increased under preference. In *Cutlery*, which was declining, British trade has increased under preference both in values and percentages. In *Jewellery*, the United States has 80 % of the Canadian trade, but British imports are increasing.

TEXTILES.—Attention has already been called to the great relative importance of British textile imports into Canada and the rapid increase in those imports. The increase affects nearly all branches of the trade. (See also the detailed figures in the recently published Textile Reports.)

HATS, CAPS AND BONNETS.—Until 1897 British trade with Canada declined. Since that year it has increased, but the trade of the United States has increased more rapidly.

WATERPROOF CLOTHING.—Until 1898 British trade with Canada rapidly declined; since that year it has rapidly increased.

DRUGS, DYES, AND CHEMICALS.—A rapid increase of British trade with Canada took place from 1898 to 1901; since that year a decline; but the present position shows a considerable improvement on the years before preference.

LEATHER (*Calf, Kid or Goat Skins, Dressed, Waxed or Glazed, "Upper" Leather, &c.*).—There has been an increase both in the values and percentages of British trade with Canada as compared with that of the United States.

CHINA AND EARTHENWARE.—In *Earthenware, China, &c. (decorated, painted or sponged)* the United Kingdom has 80 % of the import trade into Canada, but the percentage is diminishing, though the aggregate value of British imports is increasing. *China and Porcelain* reached their lowest point in 1896, and since then have increased; but imports from Germany have increased more rapidly. In *Earthenware (white granite or ironstone ware or cream-coloured ware)* the percentage of imports into Canada from the United Kingdom increased from 89 % in 1896 to 95 % in 1904.

CEMENT.—So far as the value of the trade is concerned, the United Kingdom has on the whole recovered the position of 20 years ago, but the increase in the Canadian demand has been met by the United States and Belgium, which now have between them more than 70 % of the trade.

(D) THE EXPERIENCE OF MANUFACTURERS AND MERCHANTS.

In all the forms of Inquiry and Draft Questions to witnesses issued by the Commission, questions have been included to ascertain from those actually engaged in trade with the Colonies the result of their business experience. These questions dealt with the following and other subjects:—Relative amount of the Colonial trade of the responding firms at different periods; the causes of fluctuations in such trade; differential railway and shipping rates; foreign competition and dumping by foreign countries in the Colonies; experiences of preferential tariffs; probable effect on the respective branches of trade of the withdrawal or extension of preferential arrangements within the Empire.

**Experience of
Manufacturers
and Merchants.**

The replies to these questions have been remarkably full and relate to practically all parts of the Empire. The evidence thus obtained has at present been completely analysed only so far as trade with Canada is concerned, but in this section alone there are about 12,000 statements relating to nearly every article comprised in the Canadian tariff. The experience of manufacturers and merchants thus summarised is of the greatest value in the interpretation of the statistics derived from official sources, and establishes the following conclusions:—

(1) Foreign competition, especially from the United States, and in a less degree from Germany, has increased and is now of great severity in many branches of trade in which the United Kingdom had a practical monopoly.

**Increased Foreign
Competition in the
Colonies.**

Illustrative Experiences:—

"Our experience is that we are colonising at great expenditure, and others get the trade. The United States and Germany compete in our Colonies favourably, due to the comparatively better position they hold on account of our isolation caused by their protective laws. The trade of the British Colonies, which this country might reasonably expect would be naturally ours, is, in consequence, taken out of our hands. The United States are now competing so successfully for orders for steel rails and accessories for delivery in some of our Colonies, that to obtain any orders in these Colonies we have to sell the material at less than cost."—*Firm No. 1,552. Iron and Steel Manufacturers.*

"We have practically lost all our trade with the Colonies. We may, however, mention that since Canada adopted preferential duties in favour of English manufactures, we have received considerable orders from Canada, and what is equally gratifying we have had representatives of the largest Canadian houses visiting our works and assuring us that for the future their orders will be given to English manufacturers and not as heretofore to Germans."—*Messrs. Mitchell, Ashworth, Stansfield & Co., Ltd. (Mitchell Bros. Branch), Manufacturers of Table, Mantle, Shoe, Saddle, Skirting and Felted Cloths and Balizes, Albert Works, Waterfoot, near Manchester.*

"Canadian markets were practically closed before the preferential tariff came into being, since which (speaking for ourselves) we have been able to ship a few thousand pairs, which is so much extra business. Every blanket imported from Germany or elsewhere must be a set off against our own productions, and further, every sale that they can make against us in our Colonies or other markets is also a loss to British labour and production."—*Firm No. 4,025. Blanket Manufacturers.*

"We cannot yet trace any benefit, but this is no doubt due to the fact that our foreign trade has already been practically killed, and it has not yet got re-instated."—*Messrs. F. McNeill & Co., Felt Slag Wool Manufacturers, Bunhill Row, London, E.C.*

"The Canadian preferential tariff enabled us to open a very promising business and to oust the Americans in several instances, but its recent (1904) alteration has been a great blow. The nearness of the American manufacturer to the Canadian consumer is not counteracted by the present small Preference."—*Messrs. Porritt Bros. & Austin, Manufacturers of Textile Goods for Mechanical Purposes, Shabbins Vale Mills, Ramsbottom, near Manchester.*

"Formerly my firm did an average of £10,000 a year with Canada. That gradually fell off, and for several years we did nothing at all. Then the preferential system came in, and the year before last we were able to do, perhaps, £1,000, and I think last year we did nearly £3,000 with Canada. That was due to nothing but the preferential tariff. It enabled us to send these goods into Canada instead of the Germans, and these goods we are now sending freely into Canada. A Canadian customer came in and bought over 1,000 dozens a fortnight ago. The same thing applies to a small extent in New Zealand."—*Mr. Thomas Gascoigne, Messrs. Gascoigne, Bailey & Clarke, Ltd., Hosiery Manufacturers, Nottingham.*

"The Canadian Preference has resulted in our obtaining a large part of the upholstery and millinery and dress trade in pile fabrics, which had been going to Germany. I am speaking now not only of silk but also of pile goods in wool and mohair plush. Our turnover in 1903 was 50 per cent. higher than in 1902, and there was a little improvement from 1901 to 1902; and previous to that there was little to say. Until the Preference we seemed as if we were going slightly backward, but with the Preference we have grown, and 1904 will be the largest by certainly 35 per cent. that we have ever had with Canada. An extended preferential arrangement with the Colonies would be very desirable. We find the Germans fighting us in every market, and they undoubtedly fought very hard last year in Canada. They could not get over the wall, but they anticipated rather that there might sooner or later be a reaction, and that it was a pity to lose the trade, and in some instances they gave away equivalents to the benefits that we received."—*Mr. William Watson, Messrs. Lister & Co., Spinners and Manufacturers, Manningham Mills, Bradford.*

Declining British Trade until the Preference.

(2) The trade of many of the responding firms with Canada was declining until the adoption of the preferential tariff.

Illustrative Experiences:—

"We lost for years to a very large extent the Canadian trade, whose requirements were supplied by America and Germany. Two years ago we recovered this trade, owing to the fact that America was fully occupied in supplying the wants of her own home market, and the imposition of a surtax on German material by the Canadian Government. America is again competing for Canadian orders, notwithstanding the slight concession allowed British manufacturers to secure the bulk of the business. The Canadian preferential tariff has been of assistance to this country and the imposition of a surtax on German imports has caused trade to come to this country which would otherwise have gone to Germany."—*Firm No. 836, Steel Manufacturers.*

"We sent goods to Canada last year for the first time for five or six years; before that we did a large business with Canada. Australian markets seem to be gradually closing against us. The Canadian market, which was at one time lost, has been partially recovered to British makers by the preferential tariff."—*Firm No. 843, Iron and Steel Manufacturers.*

"Canadian Preference has materially increased our trade, which was nearly lost to us for years until Preference commenced."—*Messrs. W. Thompson & Sons, Woollen and Worsted Yarn Spinners, St. Leonard's Works, Leicester.*

"We have no direct experience; but the Canadian Preferential Tariff has been most beneficial to our largest customers—the carpet manufacturers—and we do not doubt that we have benefited from the increased exports of carpets to Canada, though it is unprofitable to put the result into figures. The export of carpets to Canada, which from 1893 to 1897 gradually dwindled, has since then grown as follows:—

1897	..	..	..	..	..	..	1,689,600 yards.
Preference given:—							
1898	..	..	..	..	..	..	2,058,900 "
1899	..	..	..	..	..	..	2,176,600 "
1900	..	..	..	..	..	..	2,438,900 "
1901	..	..	..	..	..	..	2,444,900 "
1902	..	..	..	..	..	..	2,480,900 "
Further Preference given:—							
1903	..	..	..	..	..	..	3,218,600 "

—*Messrs. Lea, Ltd., Kidderminster, Worsted Yarn Spinners (for Carpet Manufacturers).*

"In Canada the Preference has done much for us. The export of woollen tissues to British North America in 1890 was 3,800,000 yards. In 1894 it fell to 2,400,000 yards. In 1900 it was 3,700,000 yards, and has risen steadily to 5,200,000 yards in 1903. We ascribe that to Preference principally, because the greatest increase is since the Preference was on."—*Mr. A. J. Sanderson, Messrs. P. & R. Sanderson, Manufacturers of Tweeds, &c., Galashiels.*

"In Canada, with the help the preferential tariff is giving to English manufactured goods, people whom we never heard of for years are now asking for quotations."—*Messrs. Simpkin, Son & Smith, Hosiery and Underwear Manufacturers, Hinckley.*

"In the instance of the preferential tariff, accorded us by Canada, we notice a marked improvement in our trade in consequence thereof. In the French colonies, where France now does all the trade, we have been completely ousted."—*Messrs. A. C. Pearse & Co., Manufacturers of Silk and Cotton Nettings and Tulle, &c., 14, Pilcher Street, Nottingham.*

(3) The trade of responding firms with Canada increased after as a direct result of Preference, the lower tariff transferring to British firms orders which must otherwise have been placed in foreign countries. Regained Trade
under Preference.

Illustrative Experiences :—

"Canada, in 1903, reverted to the same system of classification in use in 1897, and we give below particulars of tubes imported by Canada from Great Britain and United States respectively in those years. From 1897, Great Britain's trade advanced from 144,011 ft. to 2,844,702 ft. This is solely due to Preference. I do not think it is due to anything else at all. The United States from 3,354,646 ft. advanced to 4,815,329 ft. From a review of the above figures it will be seen that the preferential tariffs have produced a remarkable effect, and that Britain seems to be slowly acquiring a standing in the market, and I hope and believe matters will continue to progress in this direction, and that a corresponding advantage to British trade will take place in every market where preferential treatment is accorded."—*British Tube Trade Association (English Section), Wednesbury.*

"Our experience is that the Colonial tariffs have enabled us, in many cases, to secure business which would otherwise have gone to our foreign competitors, but, in some instances, the benefits of such tariffs have been nullified by the more favourable rates of freight accorded to our foreign competitors on goods intended for export, and the selling of such material at prices under cost of manufacture."—*Firm No. 886, Iron and Steel Manufacturers.*

"Our experience of Canada has been entirely favourable. Our exports to Canada have increased from practically nil in 1900, to £9,000 odd in 1902, and £18,000 odd in 1903, and is still increasing. This trade would not exist if there were no Preference; it is not very remunerative even now, as the cutting is still severe."—*Firm No. 844, Iron and Steel Manufacturers.*

"The Preference in Canada has secured us orders, which would have otherwise gone to Germany or America."—*Firm No. 984, Coal and Iron Co.*

"Only a small proportion of our business is Colonial, but the Canadian has increased since the preferential tariff, and we are looking forward to good business in South Africa."—*Messrs. Bruce & Son, Manufacturers and Merchants of Elastic Webs and Fabrics, South Wigston, near Leicester.*

"We have a very large trade to Canada in woollens, and we have done, I should think, five or six times as much since the tariff was reduced as ever we did before, and we have sent all classes of woollens. The tariff was formerly 35 %, and they gave us a third Preference, which reduced it to 23½ %. Now under the 1904 Budget they have only to give us a 5 % Preference—the Englishman pays 30 %, and the foreigners 35 %. This change has not had time to show itself yet, but the old Preference closed the German out of Canada to a great extent, and we are sending goods now to Canada that they used to get from Germany."—*Mr. Martin Albrecht, Messrs. Albrecht & Albrecht, Merchants and Manufacturers, Burmantofts, Leeds.*

"Our Canadian trade has more than trebled since the 33 % Preference. Extended preferential arrangements with the Colonies would cause a great increase in our Colonial trade, and I would support a preferential tariff with the Colonies, because I know that it was the Zollverein that laid the foundation-stone of German unity. Common commercial interests will create common political interests."—*Mr. B. Nathan, Messrs. F. Heilborn & Co., Export Merchants, Bradford.*

"The trade to Canada, I should say from the Huddersfield district, has been double what it was three or four years ago. The increase is owing partly to the general prosperity and growth of the country, and largely to the Preference which has stopped a good many German goods coming into the country, and has also made it difficult for the Canadian manufacturers to compete successfully with English manufacturers with the reduced tariff. I am a manufacturer in Canada really, and the Preference has done the Canadian manufacturing industry harm. The preferential feeling is, I think, general in all political parties in Canada, but if we do not give them a Preference, I should think they will go back from the present 33½ %. I have lived in Canada a great many years of my life."—*Mr. Edward Fisher, Messrs. Fisher & Co., Merchants, Huddersfield.*

"There still remains the Colonial trade for us. We have done five times the amount with Canada, and at least three times the amount with Australasia since the Preference, as compared with what we used to do. If it were not for our Colonial trade our works would not be running three days a week. We were doing £2,000 a year in Canada up to 1902; we are doing £10,000 a year now. In Australasia we used to do about £2,000 a year; we are probably doing from £4,000 to £5,000 now. Australasia has not had the purchasing powers lately, but there is now a great revival. The South African Preference has done a little good. But we shall require a better Preference than the 2½ % in South Africa, for the Germans will make them a present of that. It should be more like 12½ %."—*Mr. A. H. Hutton, Messrs. Smith & Hutton, Woollen and Worsted Manufacturers, Leeds.*

"Our experience with the Colonial trade, especially in Canada, is that the preferential tariff not only helps the manufacturers, but actually creates business for them. We exported very few goods to the Canadian market before they gave us a preferential tariff; now we do a turn-over of about £8,000 to £9,000 per annum, which is increasing annually. We are developing a trade in Australia and other Colonies, and there is no doubt a preferential tariff is a very great help to us."—*Messrs. Cartwright & Warners, Ltd., Woollen Hosiery and Underwear Manufacturers, Queen's Road, Loughborough.*

"Canada used to get inferior carpets from America—a great deal more than they do now. The American importation has been stopped to a large extent by the preferential tariff."—*Mr. G. Marchetti, Messrs. John Crossley & Sons, Ltd., Carpet Manufacturers, Halifax.*

"In Canada, where the preferential tariff has been a distinct advantage to us, orders were taken last year, the buyers observing, 'We can now just take these against the Germans.'"—*Mr. Michael Tomkinson, Messrs. Tomkinson & Adam, Axminster Carpet and Rug Manufacturers, Kidderminster.*

**Compensation under
Preference for Lost
Foreign Trade.**

(4) In many instances given in the evidence increased trade with Canada has compensated for trade with foreign countries which has been lost through the operation of the tariffs of those countries.

"The Preference given to us by Canada has resulted in an increase in our exports of worsted and woollen goods to her from a value of £799,000, in 1897, to £1,482,000, in 1903; that is, they have nearly doubled. It is interesting to see that Canada, with rather over 5,000,000 of population, pays us more every year for worsted and woollen goods than does the United States, with nearly 80,000,000. I think there can be no doubt that similar results would follow in all our Colonies, and that we could find, with a system of preferential trade, markets within our own Empire that would replace all those we have lost, and are losing, abroad. Canadians make a considerable amount of woollen goods themselves, but they do not make as much as they want; neither they nor anybody else can compete with us on anything like equal terms."—*Mr. W. H. Mitchell, Messrs. Fison & Co., Worsted Spinners and Manufacturers, Burley-in-Wharfedale, Yorkshire.*

Responding firms and witnesses insist practically without exception on the importance of maintaining the existing Preference, and of obtaining further concessions by means of a reciprocal arrangement and they rarely, however, indicate the precise reduction or increase of the Canadian tariff which would meet the case of the trade in which they are engaged, if reciprocal arrangements were made between the United Kingdom and Canada. Their general view is that the bases of Preference are wide and that the further concessions it might be reasonable to ask for from Canada would necessarily be the subject of negotiation.*

**The New Canadian
Tariff.**

* In this connection it may be pointed out that the Canadian tariff is at present under revision, the intention being to adopt a Maximum and Minimum Tariff with a Preferential Tariff (below the Minimum) in favour of the United Kingdom. In the course of his Budget Speech, delivered in the Canadian House of Commons on July 6th, 1905, the Hon. W. S. Fielding, Finance Minister, quoted an extract from his Budget Speech of 1904, in which he foreshadowed the adoption of the maximum and minimum system, which would involve "a maximum general tariff and a minimum general tariff, and the British Preference below that as we have it to-day." Mr. Fielding added ("Toronto Globe" report):—"The maximum tariff would be applied to countries having a higher hostile tariff against Canada, and the minimum tariff to countries with a low tariff and countries which were disposed to trade with us. The British Preference would be retained to apply to the Mother Country and to such Colonies of the Empire as it might be expedient to apply it to. That was the statement which he had made a year ago, and which, it was not too much to say, had been adopted by the House and the country. The Government would revise the tariff, endeavouring to follow on the lines then indicated. Although they did not propose any extensive changes now, there were one or two items that they proposed to deal with at once. None of them was generally important, though each was of much importance to the parties directly interested." In his Budget Speech of 1903, delivered in the Canadian House of Commons on April 16th, 1903, Mr. Fielding said:—"Putting aside other considerations, if the British Government and people do not show any appreciation of the value of the Preference, then, so far as the British Government and people are concerned, they cannot complain if we see fit to modify or change that preferential tariff."

With a view to the forthcoming revision of the Canadian tariff a Canadian Tariff Commission, consisting of Canadian Ministers, has been taking evidence during the past autumn in various parts of the Dominion.

THE TARIFF COMMISSION,

7, VICTORIA STREET, LONDON, S.W.

January 11th, 1906.

MSA 28764

**END OF
TITLE**